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OUR TRADE WITH HAWAII AND PORTO RICO

The growth of the commerce of the United States with its recently acquired territory is a subject of great importance and interest, especially in considering the effect of annexation upon our foreign commerce, upon the prosperity of the new possessions and their ability to contribute to our growing demands for tropical products. The United States buys from abroad every day of the year a million dollars' worth of tropical products, and if it can buy these or any considerable part of them in its own territory, it will benefit not only the population of that territory, but incidentally the people of the United States, whose capital is or may be invested in the new fields, as well as the great manufacturing and producing elements of our community by opening an increased market for our products. A study of the commerce of the United States with its new possessions, therefore, must consider not merely the figures of actual growth, but also that development of producing and consuming power in the dependencies which is due to, or at least follows upon, the new trade relations established between the dependencies and the great consuming and producing community of the United States. In the case of two of the several islands over which the United States has recently acquired control—Hawaii and Porto Rico—absolute freedom of interchange between the islands and the great markets of the United States has been established, and Congress has just enacted a law making a 25 per cent reduction in duties on imports from the Philippines. In the case of Porto Rico the reduction began in 1900, when 85 per cent of the tariff on the commerce between that island and the United States was abolished, while in July, 1901, the remaining 15 per cent was, at the request of the people of Porto Rico through their legislature, also removed. There has been, therefore, a little less than two years of practical, and less than one

year of absolute, freedom of interchange between Porto Rico and the markets of the United States. In the case of the Hawaiian Islands, however, freedom of interchange in the principal articles produced and consumed in those islands began much earlier, having been established by the reciprocity treaty of September 9, 1876, and continued until the annexation of Hawaii in 1900, when absolute freedom of exchange in all articles was established. There is opportunity, then, to study the commercial developments under freedom of interchange in a limited form in the case of Porto Rico since May, 1900, and in the case of the Hawaiian Islands since September, 1876, and in the complete form in Porto Rico since July, 1901, and in the Hawaiian Islands since April, 1900.

That there has been a phenomenal increase in the commerce between the United States and these two island territories cannot be doubted. From Porto Rico we were accustomed to import merchandise ranging from a million and a half dollars to three million dollars in value per annum; now we are importing from that island merchandise valued at from six to seven million dollars per annum. We were accustomed to sell in that market merchandise ranging from one and a half to two and a half million dollars in value; now we are selling there merchandise ranging from seven to eight million dollars in value per annum. Our imports from Porto Rico, as will be seen in the accompanying table, were in 1895, \$1,506,512, and in the three years immediately preceding the war with Spain, averaged about two and a quarter millions per annum. In the fiscal year 1901 they were \$5,883,892, and in the calendar year 1901 were \$6,958,677. On the export side the increase is even more strongly marked, the average during the four years prior to the war being less than two million dollars of exports from the United States to Porto Rico, while in the fiscal year 1901 the domestic exports alone were \$6,861,917, and in the calendar year 1901 were \$8,746,651. Thus our imports from

the island may be said to have trebled, and our exports to the island quadrupled comparing the calendar year 1901 with the average during the three or four years immediately preceding the war with Spain.

In the case of the Hawaiian Islands where the freedom of interchange has extended over a much longer period and an opportunity has been offered to make its stimulating effects felt upon the producing and consuming power of the islands, the increase has been much greater. The reciprocity treaty which went into effect in 1876 provided that the United States should admit free of duty sugar, molasses, rice, hides and skins, fruits and nuts, and vegetables from the Hawaiian Islands, and that the Hawaiian Government should admit free of duty from the United States a large number of articles, including breadstuffs, provisions, manufactures, machinery, agricultural implements, and in fact nearly all of the articles required in daily life and in the industries of the islands. Commerce with the islands both in imports and exports soon showed a phenomenal increase. In the year ended June 30, 1876, which immediately preceded the reciprocity treaty, the imports into the United States from the Hawaiian Islands were \$1,227,191 and the exports to those islands \$779,257, and these figures included gold and silver. In the fiscal year 1900, the imports from Hawaii were \$20,707,903 and the exports to Hawaii \$13,509,148, exclusive of gold and silver. Thus the imports of merchandise alone in the fiscal year 1900 were seventeen times as much as those of merchandise and specie in 1876, while the exports in 1900 were also seventeen times as great. Unfortunately we have no exact figures for the year 1901, owing to the fact that the Hawaiian Islands were in 1900 made a customs district of the United States, and as no authority exists under the law to require statements of commerce between the various customs districts of the United States, persons engaged in that commerce refused to supply the statistics of their trade as they had formerly done when Hawaii was for-

eign territory. It has been possible, however, to obtain a statement of the shipments from Hawaii to the United States during the calendar year 1901, and this statement shows the total value of such shipments to be \$27,012,866; while the best estimates that can be obtained put the shipments from the United States to Hawaii during the year at something more than \$20,000,000. Thus it will be seen that the shipments of merchandise from Hawaii to the United States were in the calendar year 1901 twenty-two times as great as those of merchandise and specie in the fiscal year 1876, and the shipments of merchandise from the United States to the Hawaiian Islands in 1901 were about twenty-five times as much as in 1876.

A second consideration, though not at all a secondary one in its importance, is the effect of these trade relations upon the industries of the territory in question. It can scarcely be expected that the effect of the new relations with Porto Rico would be perceptible in the short space of time since they began operation. The opening of new producing territory, the construction of roads and railways to transport its productions to market, the introduction of capital for the establishment of the works necessary to turn the products of the additional area into marketable form all require a certain amount of time and are also dependent upon a return to settled conditions. It can scarcely be expected, therefore, that in the less than two years since the enactment of legislation definitely establishing the relations of Porto Rico to the United States these things could have been accomplished in sufficient extent to show in any marked degree the effect of the new relations upon the producing capacity of the island. In the case of the Hawaiian Islands, however, a sufficient time has elapsed to afford opportunity for a study of this feature of the question. Such a study shows that the production of the islands increased enormously immediately following the new trade relations with the United States. In 1876 the sugar production of the Hawaiian Islands was

26,072,429 pounds; by 1879 their production had practically doubled, being 49,020,871 pounds; by 1882 it had more than quadrupled, being in that year 114,177,938 pounds; by 1890 it was ten times as great as in 1876, being 259,789,462 pounds; by 1896 it was seventeen times as great as in 1876, being 443,569,282 pounds; in 1899 it was twenty-times as great as in 1876, being 545,370,537 pounds, and in the fiscal year 1901 it was twenty six times as great, being 690,882,132 pounds. The value of the sugar production of the islands in 1876 was \$1,272,334, and the value in the fiscal year 1901 was \$27,094,155, or twenty-two times as much as the production of 1876, the growth in value being, of course, less than in quantity, because of the material fall in prices of sugar since 1876. In the case of Porto Rico, its proximity to the great consuming centres of the United States, which demand tropical fruits in great quantities, as well as coffee, sugar and other staples, seems to justify the expectation that an equally rapid growth may follow.

Of equal importance with the increased producing power of the islands to which the United States thus opens its great markets is their increased consuming power. As a rule the purchases of a community are limited by its purchasing power, or in other words, its sales. The producing power of the Hawaiian Islands has increased more than twenty fold, as is shown by the figures already quoted above of the increased production of its principal article of commerce—sugar—and as a consequence of this increased purchasing power its demands upon the United States for the products of our fields and factories have correspondingly increased. In the figures already quoted it is shown that the exports from the United States to the Hawaiian Islands have grown from \$779,257 in 1876 to \$13,509,148 in the fiscal year 1900, and an estimated \$20,000,000 in the calendar year 1901. Prior to the existence of the reciprocity relations between the Hawaiian Islands and the United States the islands took less

than 50 per cent of their imports from the United States; since that time they have taken from 75 to 85 per cent of their greatly increased imports from the United States.

The following tables show the commerce of the United States with Porto Rico from 1892 to 1901, and with the Hawaiian Islands at quinquennial periods from 1860 to 1901. The figures for 1901 relate to the calendar year, no satisfactory record for the fiscal year being available, especially in the case of the Hawaiian Islands.

Commerce of the United States with the Hawaiian Islands at Quinquennial Periods from 1860 to 1901.

Fiscal Year.	Imports into United States from Hawaii.	Exports from United States to Hawaii.
1860	\$334,743	\$659,345
1865	573,734	643,247
1870	1,134,723	808,416
1875	1,373,681	662,164
1880	4,606,444	2,086,170
1885	8,857,497	2,787,922
1890	12,313,908	4,711,417
1895	7,888,961	3,723,057
1900	20,707,903	13,509,148
1901 ¹	27,012,866	20,000,000

Commerce of the United States with Porto Rico, 1892 to 1901.

Fiscal Year.	Imports into United States from Porto Rico.	Exports from United States to Porto Rico.
1892	\$3,248,007	\$2,856,003
1893	4,008,623	2,510,607
1894	3,135,634	2,720,508
1895	1,506,512	1,833,544
1896	2,296,653	2,102,094
1897	2,181,024	1,988,888
1898	2,414,356	1,505,946
1899	3,179,827	2,685,848
1900	3,078,648	4,640,449
1901 ¹	6,958,677	8,746,651

¹ Calendar year.